

Senate Engrossed House Bill

State of Arizona
House of Representatives
Forty-seventh Legislature
First Regular Session
2005

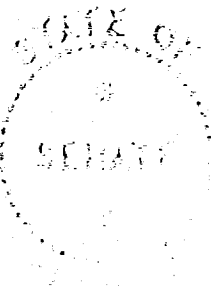
CHAPTER 159

HOUSE BILL 2497

AN ACT

AMENDING SECTION 15-910, ARIZONA REVISED STATUTES; RELATING TO SCHOOL FINANCE.

(TEXT OF BILL BEGINS ON NEXT PAGE)



1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 15-910, Arizona Revised Statutes, is amended to
3 read:

4 15-910. School district budgets; excess utility costs;
5 desegregation costs; tuition costs for bond issues;
6 costs for registering warrants; report

7 A. The governing board may budget for the district's excess utility
8 costs which are specifically exempt from the district's revenue control
9 limit. If approved by the qualified electors voting at a statewide general
10 election, the exemption from the revenue control limit under this subsection
11 expires at the end of the 2008-2009 budget year. The uniform system of
12 financial records shall specify expenditure items allowable as excess utility
13 costs, which are limited to direct operational costs of heating, cooling,
14 water and electricity, telephone communications and sanitation fees. The
15 department of education and the auditor general shall include in the
16 maintenance and operation section of the budget format, as provided in
17 section 15-903, a separate line for utility expenditures and a special excess
18 utility cost category. The special excess utility cost category shall
19 contain budgeted expenditures for excess utility costs, determined as
20 follows:

21 1. Determine the lesser of the total budgeted or total actual utility
22 expenditures for fiscal year 1984-1985.

23 2. Multiply the amount in paragraph 1 of this subsection by the total
24 percentage increase or decrease in the revenue control limit and the capital
25 outlay revenue limit for the budget year over the revenue control limit and
26 the capital outlay revenue limit for fiscal year 1984-1985 excluding monies
27 available from a career ladder program or a teacher compensation program
28 provided for in section 15-952.

29 3. The sum of the amounts in paragraphs 1 and 2 of this subsection is
30 the amount budgeted in the utility expenditure line.

31 4. Additional expenditures for utilities are budgeted in the excess
32 utility cost category.

33 B. The governing board shall apply the same percentage increase or
34 decrease allowed in the revenue control limit and the capital outlay revenue
35 limit as provided in section 15-905, subsection E or section 15-948 to the
36 utility expenditure line of the budget.

37 C. The governing board may expend from the excess utility cost
38 category only after it has expended for utility purposes the full amount
39 budgeted in the utility expenditure line of the budget.

40 D. The governing board may, after notice is given and a public meeting
41 is held as provided in section 15-905, subsection D, MAY revise at any time
42 before May 15 the amount budgeted in the excess utility cost category for the
43 current year. Not later than May 18, the budget as revised shall be
44 submitted electronically to the superintendent of public instruction.

1 E. If the revised excess utility cost category results in an
2 expenditure of monies in excess of school district revenues for the current
3 year, the county school superintendent shall include within the revenue
4 estimate for the budget year monies necessary to meet the liabilities
5 incurred by the school district in the current year in excess of revenues
6 received for the current year.

7 F. If a school district receives a refund of utility expenditures or a
8 rebate on energy saving devices or services, the refund or rebate shall be
9 applied against utility expenditures for the current year as a reduction of
10 the expenditures, except that the reduction of expenditures shall not exceed
11 the amount of actual utility expenditures.

12 G. The governing board may budget for expenses of complying with or
13 continuing to implement activities which were required or permitted by a
14 court order of desegregation or administrative agreement with the United
15 States department of education office for civil rights directed toward
16 remediating alleged or proven racial discrimination which are specifically
17 exempt in whole or in part from the revenue control limit and the capital
18 outlay revenue limit. This exemption applies only to expenses incurred for
19 activities which are begun before the termination of the court order or
20 administrative agreement.

21 H. If a governing board chooses to budget monies outside of the
22 revenue control limit as provided in subsection G of this section, the
23 governing board may do one of the following:

24 1. Use monies from the maintenance and operation fund equal to any
25 excess desegregation or compliance expenses beyond the revenue control limit
26 before June 30 of the current year.

27 2. Notify the county school superintendent to include the cost of the
28 excess expenses in the county school superintendent's estimate of the
29 additional amount needed for the school district from the primary property
30 tax as provided in section 15-991.

31 3. Employ the provisions of both paragraphs 1 and 2 of this subsection
32 provided that the total amount transferred and included in the amount needed
33 from property taxes does not exceed the total amount budgeted as prescribed
34 in subsection J, paragraph 1 of this section.

35 I. Through fiscal year 2003-2004, the maximum amount which a governing
36 board may budget outside of the capital outlay revenue limit as provided in
37 subsection G of this section is twelve per cent of the maintenance and
38 operation desegregation budget as provided in subsection J of this section or
39 the amount that it budgeted pursuant to this subsection for fiscal year
40 2001-2002, whichever is less. If a governing board chooses to budget monies
41 outside of the capital outlay revenue limit as provided in subsection G of
42 this section, the governing board may notify the county school superintendent
43 to include the cost of the excess expenses in the county school
44 superintendent's estimate of the additional amount needed for the school
45 district from the primary property tax as provided in section 15-991.

J. A governing board using subsections G, H and I of this section:

1. Shall prepare and employ a separate maintenance and operation desegregation budget and capital outlay desegregation budget on a form prescribed by the superintendent of public instruction in conjunction with the auditor general. The budget format shall be designed to allow a school district to plan and provide in detail for expenditures to be incurred solely as a result of compliance with or continuing to implement activities which were required or permitted by a court order of desegregation or administrative agreement with the United States department of education office for civil rights directed toward remediating alleged or proven racial discrimination.

2. Shall prepare as a part of the annual financial report a detailed report of expenditures incurred solely as a result of compliance with or continuing to implement activities which were required or permitted by a court order of desegregation or administrative agreement with the United States department of education office for civil rights directed toward remediating alleged or proven racial discrimination, in a format prescribed by the auditor general in conjunction with the department of education as provided by section 15-904.

~~3. On or before September 30, 2003 and at least once every two years thereafter, shall collect and report data regarding activities related to a court order of desegregation or an administrative agreement with the United States department of education office for civil rights to the department of education in a format prescribed by the department of education. The department shall compile and submit copies of the reports to the governor, the president of the senate, the speaker of the house of representatives, and the chairpersons of the education committees of the senate and the house of representatives. The reports shall include:~~

~~(a) A copy of the annual financial report related to desegregation activities as prescribed in this article.~~

~~(b) The cost per pupil of desegregation activities, listed separately for each school district and for each program.~~

~~(c) A summary of the results of all desegregation activities, including a demonstration of demographic and academic achievement trends. All demographic and achievement data shall be listed separately for each activity and this data shall be compared to the data for the rest of the school district.~~

~~(d) A chronological summary of all relevant court filings, pleadings and correspondence to which the school district is a party in any desegregation proceeding. If the school district has an agreement with the United States department of education office for civil rights, any changes to the agreement, any correspondence between the school district and the office of civil rights and a chronological summary of these events shall be submitted with the other information required by this subdivision.~~

1 ~~(e) The actions currently being taken by school districts under court~~
2 ~~orders of desegregation to achieve unitary status, including an estimate of~~
3 ~~any costs that may be incurred in order to achieve unitary status.~~

4 ~~(f) Any other information that the department of education deems~~
5 ~~necessary in order to carry out the purposes of this paragraph.~~

6 3. ON OR BEFORE JULY 15, 2006 AND EACH YEAR THEREAFTER, SHALL COLLECT
7 AND REPORT DATA REGARDING ACTIVITIES RELATED TO A COURT ORDER OF
8 DESEGREGATION OR AN ADMINISTRATIVE AGREEMENT WITH THE UNITED STATES
9 DEPARTMENT OF EDUCATION OFFICE FOR CIVIL RIGHTS DIRECTED TOWARD REMEDIATING
10 ALLEGED OR PROVEN RACIAL DISCRIMINATION IN A FORMAT PRESCRIBED BY THE
11 DEPARTMENT OF EDUCATION. THE DEPARTMENT SHALL COMPILE AND SUBMIT COPIES OF
12 THE REPORTS TO THE GOVERNOR, THE PRESIDENT OF THE SENATE, THE SPEAKER OF THE
13 HOUSE OF REPRESENTATIVES AND THE CHAIRPERSONS OF THE EDUCATION COMMITTEES OF
14 THE SENATE AND THE HOUSE OF REPRESENTATIVES. A SCHOOL DISTRICT THAT BECOMES
15 SUBJECT TO A NEW COURT ORDER OF DESEGREGATION OR A PARTY TO AN ADMINISTRATIVE
16 AGREEMENT WITH THE UNITED STATES DEPARTMENT OF EDUCATION OFFICE FOR CIVIL
17 RIGHTS DIRECTED TOWARD REMEDIATING ALLEGED OR PROVEN RACIAL DISCRIMINATION
18 SHALL SUBMIT THESE REPORTS ON OR BEFORE JULY 15 OR WITHIN NINETY DAYS OF THE
19 DATE OF THE COURT ORDER OR ADMINISTRATIVE AGREEMENT, WHICHEVER OCCURS FIRST.
20 THE DEPARTMENT OF EDUCATION, IN CONSULTATION WITH THE AUDITOR GENERAL, SHALL
21 DEVELOP REPORTING REQUIREMENTS TO ENSURE THAT SCHOOL DISTRICTS SUBMIT AT
22 LEAST THE FOLLOWING INFORMATION AND DOCUMENTATION TO THE DEPARTMENT OF
23 EDUCATION BEGINNING IN FISCAL YEAR 2006-2007:

24 (a) A DISTRICT-WIDE BUDGET SUMMARY AND A BUDGET SUMMARY ON A SCHOOL BY
25 SCHOOL BASIS FOR EACH SCHOOL IN THE SCHOOL DISTRICT THAT LISTS THE SOURCES
26 AND USES OF MONIES THAT ARE DESIGNATED FOR DESEGREGATION PURPOSES.

27 (b) A DETAILED LIST OF DESEGREGATION ACTIVITIES ON A DISTRICT-WIDE
28 BASIS AND ON A SCHOOL BY SCHOOL BASIS FOR EACH SCHOOL IN THE SCHOOL DISTRICT.

29 (c) THE DATE THAT THE SCHOOL DISTRICT WAS DETERMINED TO BE OUT OF
30 COMPLIANCE WITH TITLE VI OF THE CIVIL RIGHTS ACT OF 1964 (42 UNITED STATES
31 CODE SECTION 2000d) AND THE BASIS FOR THAT DETERMINATION.

32 (d) THE INITIAL DATE THAT THE SCHOOL DISTRICT BEGAN TO LEVY PROPERTY
33 TAXES TO PROVIDE FUNDING FOR DESEGREGATION EXPENSES AND ANY DATES THAT THESE
34 PROPERTY TAX LEVIES WERE INCREASED.

35 (e) IF APPLICABLE, A CURRENT AND ACCURATE DESCRIPTION OF ALL MAGNET
36 TYPE PROGRAMS THAT ARE IN OPERATION PURSUANT TO THE COURT ORDER DURING THE
37 CURRENT SCHOOL YEAR ON A DISTRICT-WIDE BASIS AND ON A SCHOOL BY SCHOOL BASIS.
38 THIS INFORMATION SHALL CONTAIN THE ELIGIBILITY AND ATTENDANCE CRITERIA OF
39 EACH MAGNET TYPE PROGRAM, THE CAPACITY OF EACH MAGNET TYPE PROGRAM, THE
40 ETHNIC COMPOSITION GOALS OF EACH MAGNET TYPE PROGRAM, THE ACTUAL ATTENDING
41 ETHNIC COMPOSITION OF EACH MAGNET TYPE PROGRAM AND THE SPECIFIC ACTIVITIES
42 OFFERED IN EACH MAGNET TYPE PROGRAM.

1 (f) THE NUMBER OF PUPILS WHO PARTICIPATE IN DESEGREGATION ACTIVITIES
2 ON A DISTRICT-WIDE BASIS AND ON A SCHOOL BY SCHOOL BASIS FOR EACH SCHOOL IN
3 THE SCHOOL DISTRICT.

4 (g) A DETAILED SUMMARY OF THE ACADEMIC ACHIEVEMENT OF PUPILS ON A
5 DISTRICT-WIDE BASIS AND ON A SCHOOL BY SCHOOL BASIS FOR EACH SCHOOL IN THE
6 SCHOOL DISTRICT.

7 (h) THE NUMBER OF EMPLOYEES, INCLUDING TEACHERS AND ADMINISTRATIVE
8 PERSONNEL, ON A DISTRICT-WIDE BASIS AND ON A SCHOOL BY SCHOOL BASIS FOR EACH
9 SCHOOL IN THE SCHOOL DISTRICT THAT ARE NECESSARY TO CONDUCT DESEGREGATION
10 ACTIVITIES.

11 (i) THE NUMBER OF EMPLOYEES, INCLUDING TEACHERS AND ADMINISTRATIVE
12 PERSONNEL, ON A DISTRICT-WIDE BASIS AND ON A SCHOOL BY SCHOOL BASIS FOR EACH
13 SCHOOL IN THE SCHOOL DISTRICT AND THE NUMBER OF EMPLOYEES AT SCHOOL DISTRICT
14 ADMINISTRATIVE OFFICES THAT ARE FUNDED IN WHOLE OR IN PART WITH DESEGREGATION
15 MONIES RECEIVED PURSUANT TO THIS SECTION.

16 (j) THE AMOUNT OF MONIES THAT ARE NOT DERIVED THROUGH A PRIMARY OR
17 SECONDARY PROPERTY TAX LEVY AND THAT ARE BUDGETED AND SPENT ON DESEGREGATION
18 ACTIVITIES ON A DISTRICT-WIDE BASIS AND ON A SCHOOL BY SCHOOL BASIS FOR EACH
19 SCHOOL IN THE SCHOOL DISTRICT.

20 (k) VERIFICATION THAT THE DESEGREGATION FUNDING WILL SUPPLEMENT AND
21 NOT SUPPLANT FUNDING FOR OTHER ACADEMIC AND EXTRACURRICULAR ACTIVITIES.

22 (l) VERIFICATION THAT THE DESEGREGATION FUNDING IS EDUCATIONALLY
23 JUSTIFIABLE.

24 (m) ANY DOCUMENTATION THAT SUPPORTS THE PROPOSITION THAT THE REQUESTED
25 DESEGREGATION FUNDING IS INTENDED TO RESULT IN EQUAL EDUCATION OPPORTUNITIES
26 FOR ALL PUPILS IN THE SCHOOL DISTRICT.

27 (n) VERIFICATION THAT THE DESEGREGATION FUNDING WILL BE USED TO
28 PROMOTE SYSTEMIC AND ORGANIZATIONAL CHANGES WITHIN THE SCHOOL DISTRICT.

29 (o) VERIFICATION THAT THE DESEGREGATION FUNDING WILL BE USED IN
30 ACCORDANCE WITH THE ACADEMIC STANDARDS ADOPTED BY THE STATE BOARD OF
31 EDUCATION PURSUANT TO SECTIONS 15-701 AND 15-701.01.

32 (p) VERIFICATION THAT THE DESEGREGATION FUNDING WILL BE USED TO
33 ACCOMPLISH SPECIFIC ACTIONS TO REMEDIATE PROVEN DISCRIMINATION PURSUANT TO
34 TITLE VI OF THE CIVIL RIGHTS ACT OF 1964 (42 UNITED STATES CODE SECTION
35 2000d) AS SPECIFIED IN THE COURT ORDER OR ADMINISTRATIVE AGREEMENT.

36 (q) AN EVALUATION BY THE SCHOOL DISTRICT OF THE EFFECTIVENESS OF THE
37 SCHOOL DISTRICT'S DESEGREGATION MEASURES.

38 (r) AN ESTIMATE OF WHEN THE SCHOOL DISTRICT WILL BE IN COMPLIANCE WITH
39 THE COURT ORDER OR ADMINISTRATIVE AGREEMENT AND A DETAILED ACCOUNT OF THE
40 STEPS THAT THE SCHOOL DISTRICT WILL TAKE TO ACHIEVE COMPLIANCE.

41 (s) ANY OTHER INFORMATION THAT THE DEPARTMENT OF EDUCATION DEEMS
42 NECESSARY TO CARRY OUT THE PURPOSES OF THIS PARAGRAPH.

1 K. IF A SCHOOL DISTRICT GOVERNING BOARD BUDGETS FOR EXPENSES OF
2 COMPLYING WITH A COURT ORDER OF DESEGREGATION OR AN ADMINISTRATIVE AGREEMENT
3 WITH THE UNITED STATES DEPARTMENT OF EDUCATION OFFICE FOR CIVIL RIGHTS
4 DIRECTED TOWARD REMEDIATING ALLEGED OR PROVEN RACIAL DISCRIMINATION, THE
5 GOVERNING BOARD SHALL ENSURE THAT THE DESEGREGATION EXPENSES WILL:

6 1. BE EDUCATIONALLY JUSTIFIABLE.

7 2. RESULT IN EQUAL EDUCATION OPPORTUNITIES FOR ALL PUPILS IN THE
8 SCHOOL DISTRICT.

9 3. BE USED TO PROMOTE SYSTEMIC AND ORGANIZATIONAL CHANGES WITHIN THE
10 SCHOOL DISTRICT.

11 4. BE USED IN ACCORDANCE WITH THE ACADEMIC STANDARDS ADOPTED BY THE
12 STATE BOARD OF EDUCATION PURSUANT TO SECTIONS 15-701 AND 15-701.01.

13 5. BE USED TO ACCOMPLISH SPECIFIC ACTIONS TO REMEDIATE PROVEN
14 DISCRIMINATION PURSUANT TO TITLE VI OF THE CIVIL RIGHTS ACT OF 1964 (42
15 UNITED STATES CODE SECTION 2000d) AS SPECIFIED IN THE COURT ORDER OR
16 ADMINISTRATIVE AGREEMENT.

17 6. BE USED IN ACCORDANCE WITH A PLAN SUBMITTED TO THE DEPARTMENT OF
18 EDUCATION THAT INCLUDES AN ESTIMATE OF THE AMOUNT OF MONIES THAT WILL BE
19 REQUIRED TO BRING THE SCHOOL DISTRICT INTO COMPLIANCE WITH THE COURT ORDER OR
20 ADMINISTRATIVE AGREEMENT AND AN ESTIMATE OF WHEN THE SCHOOL DISTRICT WILL BE
21 IN COMPLIANCE WITH THE COURT ORDER OR ADMINISTRATIVE AGREEMENT.

22 ~~K.~~ L. The governing board may budget for the bond issues portion of
23 the cost of tuition charged the district as provided in section 15-824 for
24 the pupils attending school in another school district, except that if the
25 district is a common school district not within a high school district, the
26 district may only include that part of tuition which is excluded from the
27 revenue control limit and district support level as provided in section
28 15-951. The bond issues portion of the cost of tuition charged is
29 specifically exempt from the revenue control limit of the school district of
30 residence, and the primary property tax rate set to fund this amount shall
31 not be included in the computation of additional state aid for education as
32 provided in section 15-972, except as provided in section 15-972, subsection
33 E. The department of education and the auditor general shall include in the
34 maintenance and operation section of the budget format, as provided in
35 section 15-903, a separate category for the bond issues portion of the cost
36 of tuition.

37 ~~L.~~ M. The governing board may budget for interest expenses it
38 incurred for registering warrants drawn against a fund of the school district
39 or net interest expense on tax anticipation notes as prescribed in section
40 35-465.05, subsection C for the fiscal year preceding the current year if the
41 county treasurer pooled all school district monies for investment as provided
42 in section 15-996 for the fiscal year preceding the current year and, in
43 those school districts that receive state aid, the school districts applied
44 for an apportionment of state aid before the date set for the apportionment
45 as provided in section 15-973 for the fiscal year preceding the current year.

1 The governing board may budget an amount for interest expenses for
2 registering warrants or issuing tax anticipation notes equal to or less than
3 the amount of the warrant interest expense or net interest expense on tax
4 anticipation notes as prescribed in section 35-465.05, subsection C for the
5 fiscal year preceding the current year as provided in this subsection which
6 is specifically exempt from the revenue control limit. For the purposes of
7 this subsection, "state aid" means state aid as determined in sections 15-971
8 and 15-972.

APPROVED BY THE GOVERNOR APRIL 20, 2005.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 20, 2005.



Passed the House February 14, 2005,

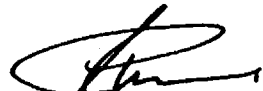
Passed the Senate April 11, 2005,

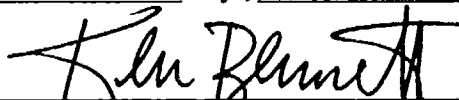
by the following vote: 36 Ayes,


by the following vote: 18 Ayes,


24 Nays, 0 Not Voting

11 Nays, 1 Not Voting


Speaker of the House


President of the Senate


Chief Clerk of the House


Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

~~This Bill was received by the Governor this~~

~~_____ day of _____, 20____,~~

~~at _____ o'clock _____ M.~~

~~_____
Secretary to the Governor~~

Approved this _____ day of

~~_____, 20____,~~

~~at _____ o'clock _____ M.~~

~~_____
Governor of Arizona~~

H.B. 2497

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

~~This Bill was received by the Secretary of State~~

~~this _____ day of _____, 20____,~~

~~at _____ o'clock _____ M.~~

~~_____
Secretary of State~~

HOUSE CONCURS IN SENATE
AMENDMENTS AND FINAL PASSAGE

April 14, 2005,

by the following vote: 33 Ayes,

23 Nays, 4 Not Voting



Speaker of the House
Pro Tempore



Chief Clerk of the House

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

15th day of April, 2005

at 9:00 o'clock a. M.



Secretary to the Governor

Approved this 27 20 day of

April, 2005,

at 2:15 o'clock P. M.



Governor of Arizona

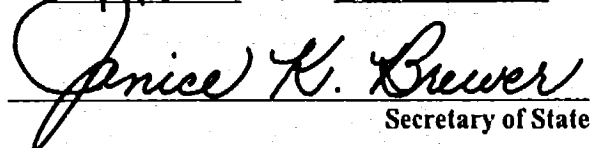
H.B. 2497

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 20 day of April, 2005,

at 4:10 o'clock P. M.



Secretary of State